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"EXXON VALDEZ" OIL SPILL

JULY 28, 1999.—Ordered to be printed

Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 711]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 711) to allow for the investment of joint Federal and State funds from the civil settlement of damages from the *Exxon Valdez* oil spill, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1.

(a) Notwithstanding any other provision of law and subject to the provisions of subsections (e) and (g), upon the joint motion of the United States and the State of Alaska and the issuance of an appropriate order by the United States District Court for the District of Alaska, the joint trust funds, or any portion thereof, including any interest accrued thereon, previously received or to be received by the United States and the State of Alaska pursuant to the Agreement and Consent Decree issued in *United States* v. *Exxon Corporation, et al.* (No. A91–082 CIV) and *State of Alaska* v. *Exxon Corporation, et al.* (No. A91–083 CIV) (hereafter referred to as the "Consent Decree"), may be deposited in —

(1) the Natural Resource Damage Assessment and Restoration Fund (hereafter referred to as the "Fund" established in title I of the Department of the Interior and Related Agencies Appropriations Act, 1992 (Pub. L. 102–154, 43 U.S.C. 1474b);

(2) accounts outside the United States Treasury (hereafter referred to as "outside accounts"); or

(3) both.

Any funds deposited in an outside account may be invested only in income-producing obligations and other instruments or securities that have been determined unanimously by the Federal and State natural resource trustees for the Exxon Valdez oil spill ("trustees") to have a high degree of reliability and security.

(b) Joint trust funds deposited in the Fund or an outside account that have been approved unanimously by the Trustees for expenditure by or through a State or Federal agency shall be transferred promptly from the Fund or the outside account to the State of Alaska or United States upon the joint request of the governments.

(c) The transfer of joint trust funds outside the Court Registry shall not affect the supervisory jurisdiction of the District Court under the Consent Decree or the Memorandum of Agreement and Consent Decree in *United States* v. *State of Alaska* (No. A91–081–CIV) over all expenditures of the joint trust funds.

(d) Nothing herein shall affect the requirements of section 207 of the Dire Emergency Supplemental Appropriations and Transfers for Relief From the Effects of Natural Disasters, for Other Urgent Needs, and for the Incremental Cost of "Operation Desert Shield/Desert Storm" Act of 1992 (Pub. L. 102–229, 42 U.S.C. 1474b note) that amounts received by the United States and designated by the trustees for the expenditure by or through a Federal agency must be deposited into the Fund.

(e) All remaining settlement funds are eligible for the investment authority granted under subsection (a) of this act so long as they are managed and allocated consistent with the Resolution of the Trustees adopted March 1, 1999 concerning the Restoration Reserve, as follows;

(1) $55 million of the funds remaining on October 1, 2002 and the associated earnings thereafter shall be managed and allocated for habitat protection programs including small parcel habitat acquisitions. Such sums shall be reduced by:

(A) the amount of any payments made after the date of enactment of this Act from the Joint Trust Funds pursuant to an agreement between the Trustee Council and Koniag, Inc. which includes those lands which are presently subject to the Koniag Non-Development Easement, including, but not limited to, the continuation or modification of such Easement, and;

(B) payments in excess of $6.32 million for any habitat acquisition or protection from the joint trust funds after the date of enactment of this Act and prior to October 1, 2002, other than payments for which the Council is currently obligated through purchase agreements with the Kodiak Island Borough, Afognak Joint Venture and the Eyak Corporation.

(2) All other funds remaining on October 1, 2002, and the associated earnings shall be used to fund a program, consisting of—

(A) marine research, including applied fisheries research;

(B) monitoring and;

(C) restoration, other than habitat acquisition, which may include community and economic restoration projects and facilities, (including projects proposed by the communities of the EVOS Region or the fishing industry) consistent with the Consent Decree.

(f) The federal trustees and the state trustees, to the extent authorized by State law, are authorized to issue grants as needed to implement this program.

(g) The authority provided in this Act shall expire on September 30, 2002, unless by September 30, 2001, the Trustees have submitted to the Congress a report recommending a structure the Trustees believe would be most effective and appropriate for the administration and expenditure of remaining funds and interest received. Upon the expiration of the authorities granted in this Act all monies in the Fund or outside accounts shall be returned to the Court Registry or other account permitted by law.

PURPOSE OF THE MEASURE

S. 711 provides for a higher rate of interest to be earned on the settlement funds resulting from the *Exxon Valdez* oil spill by granting authority for the funds to be invested in accounts other than the Court Registry Investment System (CRIS).

BACKGROUND AND NEED

The March 24, 1989, *Exxon Valdez* oil spill in Alaska's Prince William Sound was the largest oil spill in U.S. history, affecting nearly 1,500 miles of Alaska's coastline. Under a civil settlement

agreement approved in the U.S. District Court for the District of Alaska in October 1991, Exxon agreed to pay civil claims totaling $900 million to the Federal Government and the State of Alaska by September 1, 2001. Under a criminal settlement reached at the same time, Exxon agreed to pay a $25 million fine and to pay the Federal Government and the State of Alaska each $50 million as remedial and compensatory payments to be used exclusively for restoring natural resources damaged by the spill or for research on the prevention or amelioration of future oil spills.

Administration of the civil settlement is carried out under a memorandum of agreement (MOA) between the Federal Government and State of Alaska. The MOA established a six-member Federal/State trusteeship, which later became the Trustee Council, to review and approve expenditures of civil settlement funds for restoration projects. The three Federal trustees are the Secretary of the Interior, the Secretary of Agriculture, and the Administrator of the National Oceanic and Atmospheric Administration, Department of Commerce, or their representatives. The three State trustees are the Commissioner of the State Department of Fish and Game, the Commissioner of the State Department of Environmental Conservation, and the Attorney General of the State of Alaska or their representative. A staff headed by an executive director conducts day-to-day activities.

Under the agreement, Exxon's civil settlement payments flow to three areas. The first two are to reimburse Federal and State agencies for past spill related work and credit to Exxon for the reimbursement of agreed-upon cleanup performed following the spill. The remainder of Exxon's payments are deposited into a joint State/Federal trust fund under the jurisdiction of the U.S. district court system. This trust fund is currently an interest-bearing account within the CRIS, a system used for U.S. district court settlements. To release any of these funds, the Federal and State trustees must petition the court to make the funds available for the purposes and activities specified in the settlement agreement and the MOA. Federal agencies in Alaska and Alaska State agencies responsible for the management of the land and species within the spill area take the lead in carrying out restoration activities. For restoration activities that are to be carried out by Federal agencies, funds are transferred to an interest-bearing account of the Department of the Interior, where they are transferred to specific agency accounts as needed. For restoration activities to be carried out by the State, funds are deposited in a State trust fund from which they are drawn directly by State agencies following an appropriation from the legislature.

By the time all of the settlement money has been paid by Exxon and excluding reimbursements to the governments and to Exxon for additional cleanup, the Trustee Council estimates that approximately 60% of the funds will have been spent on habitat acquisition while approximately 40% will be spent on research and monitoring. This imbalance has been a concern to the Alaska Congressional delegation in particular. In November of 1997, Senator Murkowski introduced S. 1523, which would have given the Exxon Valdez Oil Spill Trustees ("Trustees") the ability to invest outside of the CRIS account but would have restricted all of the new inter-

est from being used for habitat acquisition. Similar language was added to the 1998 appropriations bill for the Departments of Commerce, Justice, State, the Judiciary, and related agencies for the fiscal year ending September 30, 1999. The language was eventually dropped in conference.

In August of 1998, at the request of the Chairman of the Senate Committee on Energy and Natural Resources, the General Accounting Office did an audit of the Trust accounts and expenditures. The audit made several findings. First, the GAO auditors agreed with other auditors who found that the fees charged by CRIS on the liquidity and reserve accounts are excessive and greatly exceed the costs incurred in administering the funds. Second, they found that the Trustees could earn a higher rate of interest income if the settlement funds were invested outside of CRIS. Third, they found that the percentage of money spent on habitat acquisition was more than two and one half times the percentage spent on research. It was these factors that led Senator Murkowski to continue to push the Trustees to dedicate the majority of the remaining funds to be used for a scientific understanding of Prince William Sound, and not for more habitat acquisition. That principle is embodied in S. 711.

LEGISLATIVE HISTORY

S. 711 was introduced by Senator Murkowski, on behalf of himself and Senator Stevens, on March 24, 1999. A hearing was held before the Committee on Energy and Natural Resources on May 14, 1999. At the business meeting on June 30, 1999, the Committee on Energy and Natural Resources ordered S. 711, as amended, favorably reported.

COMMITTEE RECOMMENDATIONS AND TABULATION OF VOTES

The Committee on Energy and Natural Resources, in open business session on June 30, 1999, by a unanimous voice vote of a quorum present, recommends that the Senate pass S. 711, if amended as described herein.

COMMITTEE AMENDMENTS

During the consideration of S. 711, the Committee adopted an amendment in the nature of a substitute offered by Senator Murkowski. The amendment makes technical, clarifying and conforming changes. In addition, the amendment modifies subsection (e) to direct the management and allocation of the remaining settlement funds. The amendment is describe in further detail in the section-by-section analysis.

SECTION-BY-SECTION ANALYSIS

Section 1: Subsection (a) grants the Trustees the ability to invest joint trust funds outside of the Court Registry Investment System into income producing obligations in (1) the Natural Resource Damage Assessment and Restoration Fund ("the Fund") and/or accounts outside the U.S. Treasury system pursuant to the limitations described in subsections (e) and (g) of the legislation.

Subsection (b) requires that joint trust funds deposited in the Fund or an outside account shall be transferred promptly to the State of Alaska or the United States Government upon the joint request of the governments.

Subsection (c) states that the transfer of any joint trust funds outside the court registry shall not affect the supervisory jurisdiction of the District Court under the Consent Decree or the Memorandum of Agreement and Consent Decree in *United States* v. *State of Alaska* (No. A91–081–CIV).

Subsection (d) states that nothing in the legislation affects the requirement of section 207 of the Dire Emergency Supplemental Appropriations and Transfers for Relief From the Effects of Natural Disasters, for Other Urgent Needs, and for the Incremental Cost of "Operation Desert Shield/Desert Storm" Act of 1992 (Pub. L. 102–229, 42 U.S.C. 1474b note) that amounts received by the United States and designated by the Trustees for the expenditure by or through a Federal agency must be deposited into the Fund.

Subsection (e) states that all remaining settlement funds are eligible for the investment authority granted under subsection (a) of this Act so long as they are managed and allocated consistent with the Resolution of the Trustees adopted March 1, 1999 concerning the Restoration Reserve and specifically as detailed in the following paragraphs. Paragraph (1) provides that $55 million of the funds remaining on October 1, 2002 and the associated earnings thereafter shall be managed and allocated for habitat protection programs including small parcel habitat acquisitions. Such sums shall be reduced by the amount of any payments made after the date of enactment of this Act from the joint trust funds pursuant to an agreement between the Trustee Council and Koniag, Inc., which includes those lands which are presently subject to the Koniag Non-Development Easement, including, but not limited to, the continuation or modification of such Easement, and any payments in excess of $6.32 million for any habitat acquisition or protection from the joint trust funds after the date of enactment of this Act and prior to October 1, 2002, other than payments for which the Council is currently obligated through purchase agreements with the Kodiak Island Borough, Afognak Joint Venture and the Eyak Corporation. This language will allow for the continuation of payments to be made on purchases the Trustees are already committed to as well as those potential purchases that the Council has made offers on as of June 30, 1999. Additionally, any funds needed for the administration of the Trust will also be deducted from these monies. With regard to the Koniag lands mentioned above, representatives of the Trustee Council and Koniag are negotiating the possible long-term extension of an existing easement covering key lands within the Kodiak NWR. Nothing in this legislation is intended to limit the authority of the Council or the Department of the Interior to enter into an agreement with Koniag, or to establish an account for the benefit of Koniag prior to October 1, 2002, and the principal or earnings thereon could be used to fund this easement or future acquisition of these lands. Consistent with the Council's March 1, 1999 resolution, any payments to Koniag from, or accrued interest in, such account would count toward the $55 million as habitat protection fund on October 1, 2002 that is provided for under section

1(e) of this legislation. Paragraph (2) provides that all other funds remaining on October 1, 2002, estimated to be at least $115 million, and the associated earnings shall be used to fund a program, consisting of marine research, including applied fisheries research; monitoring; and restoration, other than habitat acquisition, which may include community and economic restoration projects and facilities, (including projects proposed by the communities of the Exxon Valdez Oil Spill region or the fishing industry) consistent with the Consent Decree. This language provides for a greater scientific understanding of the marine environment of Prince William Sound as well as offer opportunities for the EVOS communities to participate in development and economic enhancement projects.

Subsection (f) authorizes the federal trustees and the state trustees, to the extent authorized by State law, to issue grants needed to implement the provisions of this Act.

Subsection (g) states the authority provided in this Act shall expire on September 30, 2002, unless by September 30, 2001, the Trustees have submitted to the Congress a report recommending a structure of remaining funds and interest received. This subsection further states that upon the expiration of the authorities granted in this Act all monies in the Fund or outside accounts shall be returned to the Court Registry or other account permitted by law.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of the cost of this measure has been provided by the Congressional Budget Office:

S. 711—A bill to allow for the investment of joint federal and state funds from the civil settlement of damages from the Exxon Valdez oil spill

CBO estimates that enacting S. 711 would have no net impact on the federal budget. The bill could increase both direct spending and offsetting receipts (a credit against direct spending); therefore, pay-as-you-go procedures would apply. We estimate, however, that any changes would offset each other—mostly within the same year. S. 711 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. The state of Alaska and local governments in the state could benefit should some of the additional interest earned as a result of this bill be allocated to state agencies.

S. 711 would increase the amounts available to the federal government and the state of Alaska for the purposes of assessing damage to natural resources by the *Exxon Valdez* oil spill of 1989 and conducting restoration efforts. Specifically, the bill would allow the Exxon Valdez Oil Spill Trustee Council, with the approval of the U.S. District Court (Alaska), to choose where to deposit the amounts paid by the Exxon Corporation each year under the consent decree issued as a result of that spill. Under existing law, Exxon makes annual payments (currently $70 million) into the federal government's Court Registry Investment System (CRIS). The trustees allocate those sums to federal agencies, through the Natural Resources Damage Assessment and Restoration Fund (NRDA), and to the state of Alaska. S. 711 would allow the trustees to in-

stead deposit the Exxon payments directly into the NRDA fund or some account outside the U.S. Treasury.

Depositing payments from Exxon without going through the CRIS would enable the trustees to reduce the fund's management fees by up to $200,000 annually. Moreover, depositing all such amounts into an outside account (most likely Alaska's investment system) would have the additional benefit of increasing interest earnings by an average of about $3 million a year. Because there is no way to determine whether the federal government would receive any of the additional interest revenue earned by the joint trust funds, CBO cannot estimate the additional offsetting receipts and direct spending that might occur if S. 711 is enacted. If additional funds are allocated to the government as a result of the legislation, the additional receipts would be offset by an equal increase in direct spending—mostly in the same year that any new receipts occur.

For purposes of this estimate, CBO assumes that interest rates paid by U.S. securities and by the Alaska investment systems will remain at or near current rates. (The Alaska system would pay the trust fund about twice what CRIS does.) This estimate is based on information provided by the U.S. Fish and Wildlife Service and the Exxon Valdez Oil Spill Trustee Council.

The CBO staff contact is Deborah Reis. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out S. 711. The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of S. 711, as ordered reported.

EXECUTIVE COMMUNICATIONS

On June 30, 1999, the Committee on Energy and Natural Resources requested legislative reports from the Department of the Interior and the Department of Justice and the Office of Management and Budget setting forth Executive agency recommendations on S. 711. These reports had not been received at the time the report on S. 711 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate. On May 13, 1999, the Administration offered written testimony on S. 711. The testimony provided by the Department of Justice and the Trustee Council follows:

STATEMENT OF LOIS J. SCHIFFER, ASSISTANT ATTORNEY GENERAL, ENVIRONMENT DIVISION, DEPARTMENT OF JUSTICE

Mr. Chairman and members of the committee, I am pleased to submit this written testimony on behalf of the United States Department of Justice concerning S. 711, a bill to allow for the investment of Joint Federal and State funds from the civil settlement of damages from the *Exxon Valdez* oil spill, and for other purposes.

Following the *Exxon Valdez* oil spill (EVOS), in October 1991 the United States and the State of Alaska entered into a civil Agreement and Consent Decree (Consent Decree) with Exxon Corporation, in which Exxon agreed to pay $900 million over ten years primarily for restoration of natural resources injured by the spill. In addition, the United States and Alaska entered into a Memorandum of Agreement (MOA) settling potential disputes between them relating to the spill. The Consent Decree and the MOA, which were both approved by the U.S. District Court as judgments in pending litigation, govern decisions on how the settlement funds are to be expended. Specifically, they provide that decisions on the use of restoration funds must be made by unanimous agreement of designated state and federal natural resource trustees (the Trustees).

The Trustees responsible for the *Exxon Valdez* restoration fund include, for the United States, the Secretaries of the Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration and, for the State of Alaska, the Alaska Attorney General and the Commissioners of the Departments of Fish and Game and Environmental Conservation. The Trustees established a Trustee Council, composed of federal trustee representatives in Alaska and the State trustees, to administer the restoration fund.

The Trustee Council develops plans for the use of the EVOS restoration fund through a public process. Public participation (including hearings, meetings and written comment periods) occurs at many phases of the restoration process, and a Public Advisory Group was formed to advise the Trustee Council on all matters relating to the planning, evaluation and allocation of funds and restoration activities. Considering input from the public, the Trustee Council makes expenditure determinations based on a variety of factors, including: the linkage between the resource to be restored and the spill; the cost-efficiency of the project; its technical feasibility; the scientific basis for it; and its predicted effectiveness. To date, funds have been spent on research and monitoring of the extent of recovery of injured resources, a variety of direct restoration projects, and acquisition of habitat to protect and assist in the recovery of injured species and other resources of value to the public.

The Miscellaneous Receipts Act requires that all funds received by the United States be deposited in the federal Treasury, unless specific legal authority exists for a deposit into some other account. As the relevant statutes and rules have been interpreted, the only non-Treasury fund into which EVOS funds may be deposited is the registry of a federal court. Thus, without further Congressional authorization, the EVOS funds must stay in a court registry account or in a fund within the Treasury.

Consistent with these requirements, funds received from Exxon are placed into the Court Registry Investment System (CRI), which was established to hold and manage relatively large funds under judicial supervision and is overseen by the Administrative Office of the U.S. Courts. All requests for withdrawals from that fund must be made jointly by the Alaska Department of Law, on behalf of state trustees, and the Department of Justice, on behalf of the federal trustees. Disbursements from the fund must be authorized by the District Court in Alaska and they are subject to review by the Court for consistency with the Clean Water Act, the Consent Decree and the MOA. To date, the Court has approved all such expenditures requested by the state and federal governments.

The Trustees would like to have authorization to invest the EVOS restoration fund outside the Treasury or the Court registry, in order to obtain a lower management fee than is currently charged by the CRIS and a higher rate of return than is available in such federal accounts, which by regulation must be invested in U.S. Treasury securities. The provision of S. 711 that would allow such alternative investments (section 1(a)–(d) of the bill) offers a way to make more money available for restoration or replacement of injured natural resources, through increased earning of interest.

If the bill were limited to this authorization, we would welcome it. However, subsection 1(e) of the proposed bill would restrict expenditure of any interest accrued under the provision's authority to:

> a peer reviewed grant program consisting of—
>
> (1) marine research, including applied research;
>
> (2) monitoring; and
>
> (3) restoration, other than habitat acquisition, and additionally for community economic restoration projects and facilities (including projects proposed by communities of the EVOS Region and of the fishing industry).

This provision could be interpreted in a manner that is inconsistent with the Consent Decree and the MOA governing the Trustees' use of the restoration funds in this case. The MOA requires that these funds be used "for the purposes of restoring, replacing, enhancing, rehabilitating, or acquiring the equivalent of the natural resources injured as a result of the Oil Spill and the reduced or lost services provided by such resources. * * *" Plainly, ex-

penditures for "economic restoration projects and facilities" unrelated to the restoration or protection of natural resources would be inconsistent with this mandate, and thus contrary to the court orders approving the Consent Decree and MOA and to the Clean Water Act, which provides the statutory authority for the EVOS settlement.

The provision also would prohibit the use of the interest for habitat acquisition, which is an authorized use of the restoration funds under the Consent Decree and MOA and has received strong, consistent support both from the scientific community and from members of the Alaskan public who have submitted comments in the restoration planning process. Thus, the provision restricts the discretion of the Trustee Council to select the most effective means to restore or replace resources injured by the oil spill.

The Department opposes legislation that would interfere with the Trustees' ability to spend the Exxon funds in a manner that is consistent with the Consent Decree, the MOA and the public process that has been established. Our concerns may be addressed, however, if subsection 1(e) were deleted or modified to ensure that all funds are used in a manner consistent with the applicable court decrees and the Trustees' decisions based on the public planning process. In any event, we would be pleased to work with you to develop legislation that we can all support.

Thank you.

ADDITIONAL VIEWS OF SENATOR FRANK H. MURKOWSKI

In the years since 11.3 million gallons of crude oil bubbled into the sea, the Exxon Valdez Oil Spill (EVOS) Trustees Council has had nearly $800 million of the eventual $900 million that Exxon will pay at their disposal to fund scientific studies. Those studies should have determined the health of marine life, wildlife and the ecosystem of Prince William Sound. But according to the latest summary of scientific studies, while it is possible to say that some species have or are recovering, it is not possible to give a full accounting.

According to a report from the council earlier this year very little is known about the health of cutthroat trout, Dolly Varden, rockfish or Kittlitz's murrelets. And there is only slightly more information on the health of killer whales, pigeon guillemots, cormorants, the common loon, harbor seals and harlequin ducks.

While it is heartening that the Sound appears to be recovering sooner than many thought likely, and that herring and salmon stocks are recovering as are bald eagles and river otters, it is frustrating that more hard scientific data has not been gathered.

That is why I felt it necessary to introduce this legislation providing for increased earnings of the remaining settlement funds and directing the expenditure of those funds.

I, for one, believe the Council's priorities have been misplaced which has necessitated that legislation. They have been unwilling to admit that science does not yet provide many mitigation answers; instead, the spill trustees have decided to go on a land buying spree as an alternative.

This is a mistake.

In a state where 68 percent of all land is federally owned and where individuals own less than 1 percent of all property, the trustees have allotted $416 million of the initial $900 million court settlement just for land acquisitions. They nearly have completed the purchase of 647,000 acres in and around Prince William Sound and just recently voted to set aside an additional $55 million to fund acquisitions, literally forever, even though most of the land being bought was not directly affected by the spill.

Alaska Natives worked for decades to win the 1971 land settlement that gave them control of 44 million acres of Alaska. Now, in less than a quarter of a century Natives have lost much of the land they had fought to gain—a good part of the Native lands in the region have been reacquired through the actions of the trustees. It is ironic, indeed, that the United States purchased Alaska for $7.2 million in 1867 and that 60 times more money already has been committed to buy back parts of it.

Back in 1994 when $600 million of the settlement was still uncommitted, I urged the trustees to commit the bulk of the settlement to a "permanent fund" that would provide a perpetual source

of significant funding for research or mitigation projects. I also urged the trustees to utilize the expertise of the University of Alaska in undertaking those studies. I warned that if too much funding was allocated to land acquisition, or spent on marginal science, less money would be available to fund sound studies to shed light on the mysteries affecting commercial and sport fisheries and marine life and wildlife in the Sound.

In the intervening years we have seen General Accounting Office audits documenting that the trustees have paid on average 56 percent above government-appraised value for the lands it has acquired. We've seen a situation this year where the trustees paid nearly $80 million for lands on Kodiak Island, while the Department of the Interior set the value of those same lands at about one-third that amount when it came to funding revenue sharing payments to the Kodiak Island Borough.

Long after the Sound has healed its wounds, those lands bought by the trustees will be lost forever to economic activity and to the Native heritage. Nowhere could this be clearer than the example of one Native corporation that agreed to sell its lands with the intent to invest in a perpetual trust to help children go to school and provide solutions to other problems. Instead it was pressured to make a one time payment to each shareholder.

The longest-lasting legacy of the tragedy may be that some of the Alaska Natives find themselves like the Biblical Esau who sold his birthright to Jacob for a mess of pottage and bread. When the meal was gone so was his heritage. When that one-time payment has been spent, what will have been gained and what will pass on to their children?

Today, another tragedy is clear, we still do not have the answers to the effects of the spill, even though we had the where-with-all to have obtained them.

Immediately following the spill I sponsored a provision in the Oil Pollution Act of 1990, which was passed by Congress, to create Regional Citizens Advisory Councils, giving local residents the authority and the resources to improve all aspects of oil transport planning and cleanup. Patterned after a concept then in place at the Port of Sullom Voe in the North Sea's Shetland Islands, there is no question that the oversight and creativity that the councils engendered have done the most to make Alaska's oil transportation system the best in the world.

Today, it is time for Congress to act again to ensure that we have the resources to obtain the best science available in understanding Prince William Sound. I believe this bill will allow us to do just that. I also believe that this bill will help the Trustee Council refocus their efforts away from land acquisition and toward a better scientific understanding of Prince William Sound and the human element that calls that area home.

Speaking of the human element, I also hope this bill will lead to the Trustee Council placing a greater emphasis on economic development projects for the impacted communities as provided for in the legislation. It is for this reason that language specifically authorizes "community and economic restoration projects and facilities (including projects proposed by the Communities of the EVOS region * * *)" It is my intent that this provision include economic

development projects such as the Cordova Center which is proposed by the people of the economic and emotional ground zero of the spill.

I am pleased that the Committee has agreed to pass S. 711 as I believe it will greatly assist in achieving a better understanding of Prince William Sound through sound science.

FRANK H. MURKOWSKI.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by the bill S. 711, as ordered reported.

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